

# Property boom: Brisbane, Perth to beat Sydney, Melbourne, Canberra

Sophie Foster 21 November 2023



Brisbane is forecast to see double digit housing price growth next year if Australia's migration levels continue to surge, with not even an energy crisis expected to force it into negative territory.

Housing prices here were expected to rise by 4 to 8 per cent in a base case scenario – just pipped by Perth's 5 to 9pc – but Brisbane could blow out to as much as 7 to 11 per cent if national population growth does not slow below 460,000 people and inflation reignites.

This according to Christopher's Housing Boom and Bust Report 2024, released overnight, which named Brisbane and Perth as the only cities expected to see housing price rises across four best and worst case economic scenarios.

Latest Australia Bureau of Statistics figures show the national population grew by 563,200 people in the year to March, with net overseas migration making up 81 per cent of growth, adding 454,400 people. Queensland accounted for 22 per cent or a rise of 124,200 people during the period, of which over 70,000 were overseas migrants and 31,000 from interstate.

Report author, SQM Research head Louis Christopher, said "if we were to see the (Australian) population expand by 500,000 plus (in 2024) – and keep in mind this current calendar year looks like it's expanded by about 575,000 – then Brisbane could be the number one outperforming city".

He said "I have no doubt the runaway population growth Australia has had since the start of 2022 is directly contributing to our rental crisis and towards other price rises in the greater economy".

Mr Christopher said the federal government was planning to slow migration down next year after 2023's "very abnormal event in terms of overseas arrival numbers" but "it'll still be a relatively strong result".

"We're forecasting circa 455,000-460,000 net expansion in the population, which will be off from what we've had this year. We could be wrong, it's very hard to forecast migration, but we have taken this into account in a scenario where we get stronger than expected migration."

"Our base case is that Brisbane is going to rise 4 to 8 per cent. That's based on a relatively strong commodities market and still relatively strong population expansion, just not as strong as what we've had this year."

Under that scenario, national migration levels would slow down allowing Australia's total population growth to fall to below 460,000 people in 2024, with the cash rate ranging between 4.1 to 5 per cent and unemployment rising to 4.5 to 5.5 per cent.

Brisbane housing prices were expected to weather all major possible scenarios, with even an energy crisis unable to knock growth into negative territory, according to the report – with a 1 to 4 per cent jump forecast if the cash rate rises above 5 per cent, unemployment above 6 per cent, inflation towards 7 per cent following a Middle East oil embargo and population growth slows to 460,000 or less.



The housing price forecast for the Gold Coast was “more sanguine”, he said, at -3 to 1 per cent. “We’re just a little bit more negative on the Gold Coast and we’re very concerned about the surging house prices which occurred over 2022 and early 2023.”

Mr Christopher said regional townships in Queensland exposed to the base commodities “are going to really outperform” but “those more agriculture inclined could have a very tough year indeed” with El Nino predictions ahead.

“It’s definitely a risk on the table, especially in light of the booming housing prices these agricultural-based townships have had over the past two years.”

This as SQM Research warned the nationwide rental crisis was deepening, with Brisbane contracting to 0.9 per cent in its data, with just over 3,100 vacancies in October, and weekly asking rent up 10.4pc annually to \$706.01 for houses and up 14.8pc to \$547.98 for units.

**Brisbane rents were forecast to rise in line with the national average of 7 to 10 per cent next year, according to SQM predictions.**

“Given 2024 is very likely to see a fall in dwelling completion to about 153,000 dwellings (nationally), the only real prospect of having some relief in the rental market next year is a cap on migration rates.”